

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

SHREVEPORT, LOUISIANA

FINANCIAL STATEMENTS

June 30, 2013

Marsha O. Millican
A Professional Accounting Corporation
Shreveport, Louisiana

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

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Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

Independent Auditor's Report

Board of Directors
Louisiana Association on Compulsive Gambling
Shreveport, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of Louisiana Association on Compulsive Gambling (a nonprofit organization) which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Association on Compulsive Gambling as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of state contracts listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. That schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 23, 2013 on my consideration of Louisiana Association on Compulsive Gambling's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Association on Compulsive Gambling's internal control over financial reporting and compliance.



Certified Public Accountant
December 23, 2013

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Statement of Financial Position

June 30, 2013

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 31,475
Grants and Contracts Receivable	<u>90,663</u>

Total Current Assets	122,138
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PROPERTY AND EQUIPMENT (NET)	<u>454,717</u>
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Total Assets	<u><u>\$ 576,855</u></u>
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LIABILITIES AND NET ASSETS

Line of Credit Payable	\$ 50,000
Accounts Payable and Accrued Expenses	28,898
Compensated Absences Payable	14,974
Notes Payable - Current Maturities	<u>19,941</u>

Total Current Liabilities	113,813
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LONG-TERM LIABILITIES

Notes Payable - net of Current Portion	<u>136,073</u>
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Total Liabilities	249,886
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Net Assets:

Unrestricted	326,969
Temporarily Restricted	<u>-</u>

Total Net Assets	<u>326,969</u>
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Total Liabilities and Net Assets	<u><u>\$ 576,855</u></u>
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The accompanying notes are an integral part of this statement.

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Statement of Activities

For the Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:				
Support:				
Contributions	\$ 165,512	\$ -	\$ -	\$ 165,512
Total Support	<u>165,512</u>	<u>-</u>	<u>-</u>	<u>165,512</u>
Revenues:				
Client Fees	75,650	-	-	75,650
Program Service Fees	1,121,909	-	-	1,121,909
Miscellaneous	<u>8,366</u>	<u>-</u>	<u>-</u>	<u>8,366</u>
Total Revenues	<u>1,205,925</u>	<u>-</u>	<u>-</u>	<u>1,205,925</u>
Total Support and Revenue	<u>1,371,437</u>	<u>-</u>	<u>-</u>	<u>1,371,437</u>
Net Assets Released from Restrictions:				
Satisfaction of Usage Restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,371,437</u>	<u>-</u>	<u>-</u>	<u>1,371,437</u>
EXPENSES				
Program Expenses	1,288,110	-	-	1,288,110
Management and General	<u>206,126</u>	<u>-</u>	<u>-</u>	<u>206,126</u>
Total Expenses	<u>1,494,236</u>	<u>-</u>	<u>-</u>	<u>1,494,236</u>
Change in Net Assets	(122,799)	-	-	(122,799)
Net assets, beginning of year	<u>449,768</u>	<u>-</u>	<u>-</u>	<u>449,768</u>
Net assets, end of year	<u>\$ 326,969</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 326,969</u>

The accompanying notes are an integral part of this statement.

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Statement of Functional Expenses

For the Year Ended June 30, 2013

	CORE	Help Line Center	Intensive Outpatient Program	Management and General	Total
Salaries	\$ 293,440	\$ 397,606	\$ 101,567	\$ 105,985	\$ 898,598
Payroll Taxes	23,297	33,027	8,175	7,989	72,488
Professional Fees	37,180	23,197	36,463	29,249	126,089
Food and Beverage	-	-	-	-	-
Equipment Rental	3,229	466	513	-	4,208
Utilities and Telephone	26,729	53,317	6,546	4,412	91,004
Rent	-	18,450	3,690	2,460	24,600
Supplies	47,814	-	-	-	47,814
Insurance	42,107	20,323	11,665	10,511	84,606
Repair and Maintenance	11,932	6,235	442	193	18,802
Auto	2,016	3,130	1,220	1,061	7,427
Office Supplies	5,389	6,088	3,524	5,757	20,758
Travel	2,060	2,644	-	16,174	20,878
Printing and Literature	434	59	59	2,606	3,158
Dues and Subscriptions	375	-	100	5,355	5,830
Postage and Shipping	379	2,106	481	1,031	3,997
Miscellaneous	11,345	267	1,119	8,489	21,220
Depreciation	20,875	6,746	2,129	858	30,608
Interest	6,777	53	53	439	7,322
Advertising and Promotion	1,000	136	136	3,557	4,829
Total Expenditures	<u>\$ 536,378</u>	<u>\$ 573,850</u>	<u>\$ 177,882</u>	<u>\$ 206,126</u>	<u>\$ 1,494,236</u>

The accompanying notes are an integral part of this statement.

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Statement of Cash Flows

For the Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (122,799)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	30,609
Changes in assets and liabilities:	
Decrease in grants and contracts receivable	32,150
Decrease in accounts and accrued expenses	(6,982)
Increase in compensated absences	<u>4,216</u>
Net cash provided by operating activities	<u>(62,806)</u>

CASH FLOWS USED BY INVESTING ACTIVITIES:

Purchase of fixed assets	<u>(1,792)</u>
Net cash provided by investing activities	<u>(1,792)</u>

CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:

Proceeds from borrowings	50,000
Principal payments on debt	<u>(19,161)</u>
Net cash used by financing activities	<u>30,839</u>
Net increase in cash	(33,759)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

65,234

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 31,475

Supplemental disclosures of cash flow information:

Cash paid during the year for interest expense	<u>\$ 7,322</u>
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The accompanying notes are an integral part of this statement.

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Notes to Financial Statements

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General:

Louisiana Association on Compulsive Gambling is a nonprofit organization exempt for Federal income tax purposes under Section 501(C)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

B. Nature of Activities:

The purpose of the Association is to continue heightening public awareness that compulsive gambling is a preventable and treatable disease, through a combined strategy of educational, public policy changes and the efforts of individuals, families and all elements of the community working in concert.

C. Basis of Accounting:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification, the single source of authoritative accounting principles generally accepted in the United States of America. (US GAAP) Under the Codification, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net asset, temporarily restricted net assets, and permanently restricted net assets.

D. Support and Revenue:

The Association receives its program service fees primarily from the State of Louisiana Department of Health and Hospitals and other State Agencies. Support and revenue received from those grants and contracts is recognized on a "net funded" basis whereby State of Louisiana Department of Health and Hospitals, Office for Addictive Disorders funding is recognized on a last-dollar-in basis. Related expenses incurred are "netted" first by client fees and food stamp income in determining grant funds to be recognized.

E. Cash and Cash Equivalents:

For purposes of cash flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

F. Property and Equipment:

Purchased property and equipment are stated at cost. Donated property and equipment are stated at their fair market value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from twenty five years for leasehold improvements and five to seven years for furniture and equipment.

(Continued)

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Notes to Financial Statements

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

G. Contributions and Memberships:

All contributions received are considered available for unrestricted use unless the donor specifies a restriction. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net asset are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Memberships are essentially honorary, as no goods or services are provided to the members in exchange for their membership dues.

H. Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

I. Functional Allocation of Expenses:

The costs of providing the Association's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

2. Grants and Contracts Receivable:

Grants and contracts receivable at June 30, 2013 are as follows:

Department of Health and Hospitals	\$ 71,052
Other Receivables	<u>19,611</u>
Total	<u>\$ 90,663</u>

All grants and contracts receivable at June 30, 2013 are fully collectible.

(Continued)

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Notes to Financial Statements

June 30, 2013

3. Property and Equipment:

Property and Equipment consists of the following:

Building and Land	\$ 375,000
Leasehold Improvements	209,795
Furniture and Fixtures	79,933
Equipment & Vehicles	<u>202,303</u>
	867,031
Less Accumulated Depreciation	<u>(412,314)</u>
Property and Equipment - Net	<u>\$ 454,717</u>

4. Rental Expense:

The Association leased the facilities that house its treatment center, help line, intensive outpatient program and its administrative offices during the year on a month to month basis. Rent expense paid the the year totaled \$24,600.

5. Notes Payable:

Notes payable at June 30, 2013 consisted of the following:

Note payable to Red River Bank, interest at 4%, dated May 23, 2012, due on demand; if no demand is made, the note is due in 96 monthly installments of \$2,159 collateralized by building and land at 635 Stoner Street	\$156,014
Less: current maturities	<u>(19,941)</u>
Notes payable - long term	<u>\$ 136,073</u>

Maturities of long-term debt including interest of \$23,176 are as follows: Year ended June 30, 2014 - \$ 25,907; 2015 -\$ 25,907; 2016 -\$ 25,907; 2017 -\$ 25,907; 2018 -\$ 25,907; 2019 and thereafter -\$49,655.

6. Line of Credit Payable:

The Association has an unsecured line of credit for the year ended June 30, 2013. Available credit on the line of credit is \$90,330. The line of credit bears interest at a rate of 6.590%. Net draws on the line of credit at June 30, 2013 were totaled \$50,000.

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Notes to Financial Statements

June 30, 2013

7. Economic Dependency:

The Association received eighty three (83) percent of its program service fees from contracts through the State of Louisiana. The contracts are appropriated each year by federal and state governments. If budget cuts are made at the federal and/or state government level, the amount of funds the Association receives could be reduced and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Association will receive in the next fiscal year.

8. Income Tax Status:

The Association, as a non-profit corporation, is exempt from federal taxes under Section 501 © (3) of the Internal Revenue Code. The Association is also exempt from Louisiana income tax. The Association is in compliance with the filing requirements of the Internal Revenue Service. Returns are subject to examination by the IRS, generally for three years after they are filed. As of June 30, the Association is not aware of any uncertain tax positions that could cause future tax liabilities.

9. Subsequent Events:

Management has evaluated subsequent events through December 23, 2013, the date that the financial statements were available to be issued, and determined that no additional disclosure are necessary.

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Schedule of State Contracts

For the Year Ended June 30, 2013

<u>PROGRAM TITLE</u>	<u>CONTRACT NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>REVENUE RECOGNIZED</u>	<u>EXPENDITURES</u>
Louisiana Department of Health and Hospitals				
Core Treatment Center	056688	\$ 392,400	\$ 302,245	\$ 302,245
Help Line	058657	430,700	430,700	430,700
Intensive Outpatient Treatment	056689	160,500	160,500	160,500
Gambling Outpatient	056690	<u>43,560</u>	<u>32,136</u>	<u>32,136</u>
Total - All State Contracts		<u>\$ 1,027,160</u>	<u>\$ 925,581</u>	<u>\$ 925,581</u>

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Corrective Action Taken on Prior Year Findings

For the Year Ended June 30, 2013

There were no findings for the year ended June 30, 2012



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Louisiana Association on Compulsive Gambling
Shreveport, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Association on Compulsive Gambling, as of and for the year ended June 30, 2013, and related notes to the financial statements, which collectively comprise the Association's basic financial statements, and have issued my report thereon dated December 23, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Louisiana Association on Compulsive Gambling's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, I do not express an opinion on the effectiveness of the Association's internal control.

A deficiency in internal control exists when the design or operation a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Association on Compulsive Gambling's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script, reading "Maida P. Mellican".

Certified Public Accountant

December 23, 2013

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Schedule of Findings

For the Year Ended June 30, 2013

Summary of Audit Results

1. The auditor's report expressed an unqualified opinion on the financial statements.
2. No significant deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.
3. No instances of noncompliance were disclosed during the audit.

There were no findings for the year ended June 30, 2013.